

# **TITLE III EXCISE TAXES**

## **CHAPTER 1 ALCOHOL AND TOBACCO PRODUCTS**

### **SEC. 301. TAX ON ALCOHOL PRODUCTS.**

There is hereby imposed on alcohol products produced in, or imported into, Progresá an excise tax at the following rates:

<b>Harmonized System <u>Number</u></b>	<b>Article <u>Description</u></b>	<b>Ad valorem rate <u>(Percent)</u></b>
2203	Beer made from malt	20
2204	Wine of fresh grapes, including fortified wines; grape (other than unfermented grape) must	20
2205	Vermouth and other wines of fresh grapes flavored with plants or aromatic substances	20
2206	Other fermented beverages (including cider, prune wine, rice wine, or sake, perry, and mead)	20
2207.10.30	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 percent volume or higher for beverage purposes	40

2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 percent vol.; spirits, liqueurs and other spirituous beverages; compound alcoholic preparations of a kind used for the manufacture of beverage	40
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## **SEC. 302. TAX ON TOBACCO PRODUCTS.**

There is hereby imposed on tobacco products produced in, or imported into, Progresá an excise tax at the following rates:

<b>Harmonized System Number</b>	<b>Article Description</b>	<b>Ad valorem rate (Percent)</b>
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or tobacco substitutes	40
2403	Other manufactured tobacco and manufactured tobacco substitutes; "homogenized" or "reconstituted" tobacco; tobacco extracts and essences	40

## **SEC. 303. ALCOHOL AND TOBACCO PRODUCTS DEFINED.**

(a) **ALCOHOL PRODUCT.** — For purposes of this title, the term "alcohol product" means any article covered by Harmonized System Number 2203, 2204, 2205, 2206, 2207.10.30, or 2208.

(b) TOBACCO PRODUCT. — For purposes of this title, the term “tobacco product” means any article covered by Harmonized System Number 2402 or 2403.

#### **SEC. 304. TAX BASE; TAXABLE EVENT.**

(a) TAX BASE. — The tax base for purposes of this chapter shall be the article’s pre-tax retail price.

(b) PRE-TAX RETAIL PRICE. —

(1) IN GENERAL. — For purposes of subsection (a), the term “pre-tax retail price” means the current retail price of the product in question excluding the tax imposed by this title and the value added tax.

(2) CURRENT RETAIL PRICE. — For purposes of paragraph (1), the current retail price of any article shall be based on a survey to determine the average retail price (at the time of the survey) for such article in the principal markets of Progresa. This survey, which will cover every article subject to tax, shall be conducted at least once each 3 months by the Central Bank. It shall be published and shall enter into effect as provided in regulations. Each survey shall establish a retail price for each category of articles within a Harmonized System Number if that category sells at a price substantially different from other categories within that Harmonized System Number.

(c) TAXABLE EVENT. — The taxable event for purposes of this chapter shall be —

(1) in the case of an imported article, the importation, or

(2) in the case of a domestically produced article, the removal from bond (other than removal provided for in section 305(c)(2) or (3)).

## **SEC 305. PRODUCTION AND WITHDRAWAL REQUIREMENTS.**

(a) ADVANCE REGISTRATION. — No alcohol product or tobacco product may be produced in Progresa unless the person desiring to produce such product has registered in advance and has furnished the Tax Administrator with a bond to ensure that all tax liability under this chapter will be met.

(b) BONDED PRODUCTION CENTERS. — An alcohol product or tobacco product may be produced in Progresa only in a secure bonded production center owned and operated by a person who has complied with subsection (a). All production, storage, and other operations at the center, and withdrawals from the center, shall be performed under government supervision.

(c) WITHDRAWALS. — Alcohol products and tobacco products produced at a bonded production center may be withdrawn only —

(1) on payment in full of the tax imposed by this title,

- (2) under a transfer bond for transfer to another bonded production center for further processing, or
- (3) under an export bond for export.

## **CHAPTER 2**

### **TAX ON MOTOR FUELS**

#### **SEC. 311. TAX ON MOTOR FUELS.**

(a) **IN GENERAL.** — There is hereby imposed on any motor fuel produced in, or imported into, Progresá an excise tax of 30 percent of the pre-tax retail price of such fuel.

(b) **ADVANCE REGISTRATION AND BOND REQUIRED.** — No motor fuel may be produced in Progresá unless the person desiring to produce such fuel has registered in advance and has furnished the Tax Administrator with a bond to ensure that all tax liability under this chapter will be met.

#### **SEC. 312. MOTOR FUEL DEFINED.**

(a) **IN GENERAL.** — Except as provided in subsection (b), for purposes of this title the term “motor fuel” means any article covered by Harmonized System Number 2710.00.10, 2710.00.15, or 2710.00.18.

(b) **AVIATION FUEL AND HOME HEATING OIL EXEMPTED.** — The Tax Administrator shall by regulations establish a system of registration and exemption certificates under which articles described in subsection (a) which are used as aviation fuel or for heating homes will be exempt from the tax imposed by section 311.

#### **SEC. 313. PRE-TAX RETAIL PRICE.**

For purposes of this chapter, the pre-tax retail price of any motor fuel shall be determined in the manner provided in section 304(b).

## **SEC. 314. TAXABLE EVENT.**

(a) **IN GENERAL.** — The taxable event for purposes of this chapter shall be —

(1) in the case of an imported article, the importation, or

(2) in the case of a domestically produced article, the removal from the premises where produced.

(b) **FURTHER MANUFACTURE AND EXPORT.** — The tax imposed by section 311 on production in Progresá —

(1) may be postponed where the motor fuel is transferred under bond for further manufacture, or

(2) may be canceled where there is satisfactory evidence that the motor fuel has been exported.

## **SEC. 315. CREDIT FOR TAXED INPUTS.**

In the case of motor fuels produced in Progresá, there shall be allowed as a credit against the tax imposed by section 311 any tax imposed by such section on the importation or production of motor fuels used in the production of the domestically produced products.

## CHAPTER 3 TAX ON MOTOR VEHICLES

### SEC. 321. TAX ON MOTOR VEHICLES.

There is hereby imposed on the motor vehicles and components thereof described below imported into, or produced in, Progres a an excise tax of 30 percent of the pre-tax retail price:

<b><u>Harmonized System Number</u></b>	<b><u>Article Description</u></b>	<b><u>Ad valorem rate (Percent)</u></b>
8703	Motor cars and other vehicles principally designed for the transport of persons (other than buses), including station wagons and racing cars	30
8702	Buses	30
8704.21.00 through 8704.90.00	Trucks (other than dumpers designed for off-highway use)	30
	Bodies (including cabs) for vehicles described in this table if such bodies are not described above in this table	30

### SEC. 322. DEFINITIONS.

(a) MOTOR VEHICLE. — For purposes of this title, the term “motor vehicle” means any item covered by the table in section 321.

(b) PRODUCED AND PRODUCER. — For purposes of this chapter —



(1) the term “produced” includes manufactured and assembled, and

(2) the term “producer” includes manufacturer and assembler.

### **SEC. 323. RULES FOR MOTOR VEHICLES.**

(a) PRE-TAX RETAIL PRICE. — For purposes of this chapter the pre-tax retail price of any motor vehicle or component shall be determined in the manner provided in section 304 (b).

(b) TAXABLE EVENT. — The taxable event for purposes of this chapter shall be —

(1) in the case of an imported item, the importation,  
or

(2) in the case of a domestically produced item, the sale by the producer.

In the case of a domestically produced motor vehicle, if the producer uses the vehicle before any sale, such use shall be treated as a sale.

(c) EXPORT AND FURTHER MANUFACTURE. — Under regulations, no excise tax shall be imposed on the transfer under bond of any motor vehicle produced in Progresá —

(1) for further manufacture, or

(2) for export.

## **CHAPTER 4**

### **COMMUNICATION TAX**

#### **SEC. 331. LONG DISTANCE COMMUNICATION TAX.**

There is hereby imposed on long distance taxable communication service an excise tax of 10 percent of the amount paid for such service.

#### **SEC. 332. DEFINITIONS.**

(a) **TAXABLE COMMUNICATION SERVICE.** — For purposes of this title, the term “taxable communication service” means service —

(1) to transmit voice, pictures, printed and written materials, symbols, or sounds by telephone, telegraph, wire, wireless, satellite, or any other means (other than ground or air vehicular transportation),

(2) between 2 or more points, at least one of which is in Progresá, and

(3) which is billed in, or directly or indirectly to a recipient in, Progresá.

The term does not cover transmission of programs by a licensed radio or TV station.

(b) **LONG DISTANCE.** — For purposes of this title, service is long distance if there is a straight-line distance of 16 kilometers or more between the central offices of the telephone zones of any 2 of the points involved in the communication.

(c) **LEASED FACILITIES.** — Except as provided in regulations, where a communications carrier leases its facilities to a second person

who in turn furnishes a taxable communication service to a third person, the tax under section 331 shall apply only to the service furnished by the second person to the third person.

## **CHAPTER 5**

### **TRANSPORTATION RELATED TAXES**

#### **SEC. 341. AIR TRANSPORTATION ABROAD.**

(a) **TAX IMPOSED.** — There is hereby imposed an excise tax on the sale in Progresá of a ticket for transportation by air of a passenger between 2 or more points at least one of which is inside Progresá and at least one of which is outside Progresá.

(b) **AMOUNT OF TAX.** — The amount of the tax imposed by subsection (a) shall be 20 percent of the amount paid for the transportation.

(c) **REFUNDS.** — If any ticket on which tax has been paid pursuant to subsection (a) is cancelled, the tax so paid shall be treated as an overpayment of tax and credited or refunded under section 523(a). No interest on any such overpayment shall be payable if credit or refund is allowed or made within 90 days after the day on which claim therefor is filed.

(d) **CERTAIN REALES OF TICKETS.** — Where a carrier sells a ticket to a second person regularly engaged in the business of reselling tickets, and where the second person resells the ticket to a third person, relief may be granted under this subsection. Such relief may consist of basing the amount of the tax on the resale on any excess in the amount the third person pays for the transportation over the amount the second person has paid for the same transportation.

## **SEC. 342. AIRPORT USE.**

(a) TAX IMPOSED. — There is hereby imposed an excise tax on the use of an airport located in Progresa by a person departing from Progresa pursuant to air transportation between a point inside Progresa and a point outside Progresa.

(b) AMOUNT OF TAX. — The amount of the tax imposed by subsection (a) shall be PR 100.

(c) ONLY ONE TAX PER DEPARTURE. — In the case of a person departing from Progresa pursuant to a continuous passage involving more than one airport in Progresa, only one tax shall be imposed by subsection (a).

## **CHAPTER 6**

### **GENERAL PROVISIONS**

#### **SEC. 351. EXEMPTIONS.**

(a) **IN GENERAL.** — Except as provided in subsection (b), no individual or entity shall be exempt from any tax imposed by this title.

(b) **IMPORTED ARTICLES.** — The same exemptions for bona fide travellers, returning residents, and diplomats and for reexport which apply for purposes of customs laws shall apply to imported articles for purposes of this title. However, if any article imported under such an exemption is sold or contracted for sale during the 1-year period following the date of the importation, or if during such period a major part of the possession or use of the article passes from the person who benefited from the exemption to a person not a family member living with the importer, then the exemption shall cease to apply as of the time the article was imported. In such a case, both the importer and the new owner, potential owner, or user or possessor shall be jointly and severally liable for an amount equal to two times the import duties and excise taxes that would have been applied if there had been no exemption.

#### **SEC. 352. IMPORTED ARTICLES.**

(a) **EXCISE TAX TREATED AS DUTY.** — In the case of any imported article, the excise tax imposed by this title on importation shall be collected as if it were an import duty. In addition to the provisions of this Code, all provisions of law relating to import duties shall apply in respect of such excise tax as if it were an import duty.

(b) **IMPORTER LIABLE FOR TAX.** — In the case of any imported article, the importer shall be liable for any excise tax imposed by this title on the importation of such article.

**SEC. 353. LIABILITY FOR TAXES ON DOMESTIC GOODS  
AND SERVICES.**

(a) **IN GENERAL.** — In the case of an article produced in Progresá, or any service covered by this title, the person liable for the tax imposed by this title, and the person liable for the collection of such tax, shall be determined in accordance with the following table:

<b>Tax Imposed by Article</b>	<b>Description of Tax</b>	<b>Person Liable to Pay Tax</b>	<b>Collector</b>
301	Alcohol	Producer	Producer
302	Tobacco	Producer	Producer
311	Motor Fuel	Producer	Producer
321	Motor Vehicle	Producer	Producer
331	Long Distance Service	Person paying for the service	Person furnishing service
341	Air Ticket	Person buying ticket	Ticket seller
342	Airport Use	Person buying ticket	Ticket seller

(b) **LIABILITY OF COLLECTOR.** — In the case of any tax imposed by this title, if the person liable for the tax does not pay it, the person

having the responsibility for collecting the tax shall also be liable for the tax (and interest and penalties) and shall pay such tax, interest, and penalties.

(c) COLLECTION OF TRANSPORTATION RELATED TAXES. — In the case of the tax imposed by section 341 and the tax imposed by section 342, the regulations prescribed under this section may provide that the air carrier furnishing the transportation (if the carrier is not the ticket seller) shall be liable to collect such tax. Such liability shall be additional to the liability of the ticket seller.